



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

June 2003

National Commodity Price for Cheddar Cheese Falls Slightly . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity price activity was mixed for May: butter rose slightly; Cheddar cheese declined slightly; and nonfat dry milk remained the same. Compared to May, all types of milk showed slight gallon price decreases due to the decrease in the Cheddar cheese commodity price: whole milk decreased two tenths of a cent per gallon, reduced fat milk decreased five tenths of a cent per gallon, and lowfat and skim milks both decreased seven tenths of a cent per gallon.

All commodity prices continue to hover near their federal support purchase price. Milk production slowed to show only a slight increase over last year at this time, however production still seems to be outpacing commercial use. Beverage milk sales have been strong, but June brings the school vacation season where more milk will be diverted to other dairy products. Favorable weather conditions in California have dairy producers reporting increased milk production per cow, but the low demand for dairy products has yet to rebound.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.011	\$0.506	\$0.253	\$0.126	\$0.084	\$0.063
Reduced Fat (2%)	\$0.938	\$0.469	\$0.234	\$0.117	\$0.078	\$0.059
Lowfat (1%)	\$0.897	\$0.448	\$0.224	\$0.112	\$0.075	\$0.056
Nonfat (Skim)	\$0.684	\$0.342	\$0.171	\$0.085	\$0.057	\$0.043

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.035	\$0.517	\$0.259	\$0.129	\$0.086	\$0.065
Reduced Fat (2%)	\$0.961	\$0.481	\$0.240	\$0.120	\$0.080	\$0.060
Lowfat (1%)	\$0.920	\$0.460	\$0.230	\$0.115	\$0.077	\$0.058
Nonfat (Skim)	\$0.708	\$0.354	\$0.177	\$0.089	\$0.059	\$0.044

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000	\$0.000	\$0.000
Reduced Fat (2%)	\$0.005↓	\$0.003↓	\$0.001↓	\$0.001↓	\$0.000	\$0.000
Lowfat (1%)	\$0.007↓	\$0.004↓	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000
Nonfat (Skim)	\$0.007↓	\$0.004↓	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000

California Department of Food and Agriculture (CDFA)

William (Bill) J. Lyons Jr., Secretary

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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

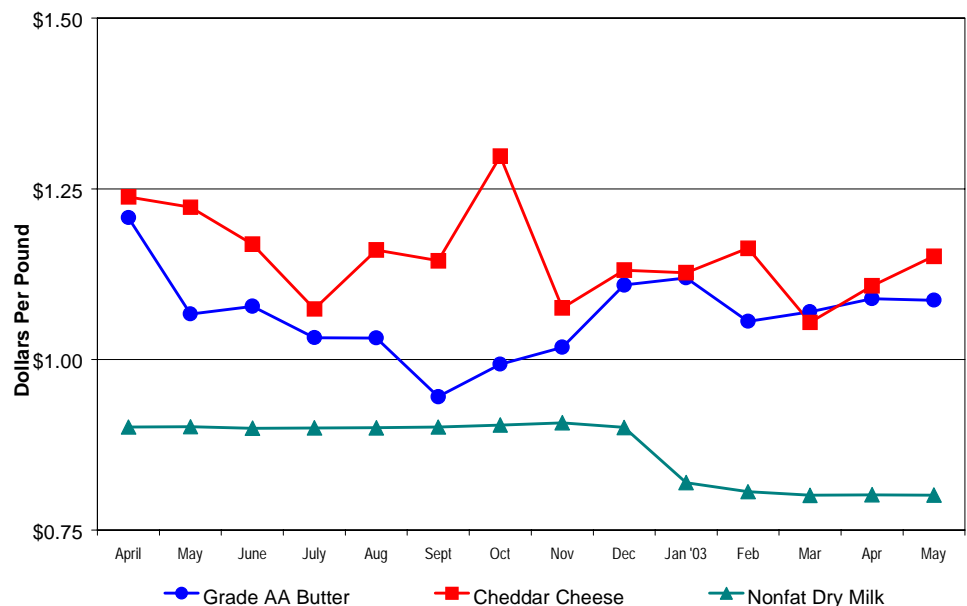
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Sept	\$0.20	\$1.09	\$0.43
Oct.	\$0.20	\$1.05	\$0.41
Nov	\$0.20	\$1.05	\$0.41
Dec	\$0.20	\$1.09	\$0.43
Jan '03	\$0.20	\$1.09	\$0.43
Feb	\$0.18	\$1.12	\$0.43
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41
May	\$0.18	\$1.07	\$0.41
June	\$0.18	\$1.08	\$0.42

National Commodity Prices for April 2002 - May 2003

Grade AA Butter,
Block Cheddar Cheese,
and Nonfat Dry Milk



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